The EU Initiative INTERREG

and future developments

Association of European Border Regions
(AEBR)

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Table of Contents:

I. Introduction: three types of cooperation

II. Cross-border cooperation
A. Background information on the INTERREG Initiative
   1. Tasks and objectives of cross-border cooperation
   2. The internal European market and changes in Central and Eastern Europe
B. Community initiative INTERREG
   1. Preparation phase and INTERREG I
   2. INTERREG II
   3. Evaluation of INTERREG services
C. Topical and future problems
   1. General
   2. Assessment according to type of border region
D. Proposals
   1. Basic conditions
   2. Cross-border cooperation
   3. INTERREG/PHARE CBC and TACIS CBC
E. Possible distribution of tasks with regard to the resolution of cross-border problems
   1. Level of the functionally connected cross-border regions (euregional level)
   2. European level
III. Inter-regional cooperation
IV. Trans-national cooperation
V. Final thoughts: subsidiarity and partnership
1. **INTRODUCTION: THREE TYPES OF COOPERATION**

One must clearly distinguish between the following types of cooperation beyond national borders:

- cross-border cooperation;
- inter-regional cooperation;
- trans-national cooperation.

Below we compare these three forms of cooperation.

<table>
<thead>
<tr>
<th>Cross-border cooperation</th>
<th>Inter-regional cooperation</th>
<th>Trans-national cooperation</th>
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<tbody>
<tr>
<td>- Direct neighbourly cooperation in all areas of life between regional and local authorities along the border and involving all actors.</td>
<td>- Cooperation (between regional and local authorities) mostly in single regard to a special sector (not in all areas of life) and with selected actors related to large, connected areas.</td>
<td>- Cooperation between countries allowing regions often to participate) with single regard to a special sector (not in all areas of life) and with selected actors related to large, connected areas.</td>
</tr>
<tr>
<td>- more organised because of a longer tradition (regional / local)</td>
<td>- as yet, organisation not advanced - organisation because of a short tradition usually still under development</td>
<td></td>
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<tr>
<td>- interlinked within the framework of the Association of European Border Regions (AEBR)</td>
<td>- interlinked within the framework of the Assembly of European Regions (AER)</td>
<td>- the interlinkage is rarely organised but there are certain approaches within the framework of international organisations</td>
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**Differences** in the practice of cooperation

<table>
<thead>
<tr>
<th>Cross-border</th>
<th>Inter-regional</th>
<th>Trans-national</th>
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<tbody>
<tr>
<td>- practised for a long time</td>
<td>- information must be circulated</td>
<td>- only under development</td>
</tr>
<tr>
<td>- works with long-term strategies/concepts</td>
<td>- because it is relatively new</td>
<td>- focuses in particular to implement</td>
</tr>
<tr>
<td>- includes all areas of life, sectors and actors</td>
<td>- short-term cooperation, more oriented towards</td>
<td>cooperation with regard to concepts and planning</td>
</tr>
<tr>
<td>- seen with regard to time, a permanent task</td>
<td>- projects without a strategy (as with INTERREG)</td>
<td>- mostly limited to a special subject</td>
</tr>
<tr>
<td>- integrated multi-annual programmes and projects running with clear medium-term funding (including a regional quota)</td>
<td>- often limited to a single sector</td>
<td>(regional development, flood protection, environment)</td>
</tr>
<tr>
<td>- in practice often limited in time</td>
<td>- medium to long-term planning</td>
<td></td>
</tr>
<tr>
<td>- the medium-term funding is often insecure/unclear (because they are not based on integrated programmes running for several years)</td>
<td>beginning to implement large projects/programmes running for several</td>
<td></td>
</tr>
<tr>
<td>- horizontal and vertical partnership</td>
<td>- horizontal and vertical partnership between regions and, sometimes, regions.</td>
<td></td>
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</tbody>
</table>

**Corresponding EU instruments within the framework of the Structural Funds**

- **Cross-border cooperation:**
  - 1989: ERDF, Art. 10
  - 1990 - 1993: INTERREG I
  - 1994 - 1999: INTERREG II A,
  - complemented by PHARE/TACIS CBC
  - RECITE, Ecos-Overture
  (complemented by PHARE and other instruments)

- **Inter-regional cooperation:**
  - EFRE, Art. 10
II. CROSS-BORDER COOPERATION

A. Background information on the INTERREG Initiative

1. Tasks and objectives of cross-border cooperation

In border regions, the European enthusiasm over the 1993 Maastricht Treaty was, due to practical experience gained, mixed with a sense of reality: despite the continuing European process of unification and that of the internal market, all border regions continue to suffer from the historical consequences of borders and their peripheral national location arising from them. In many areas, national borders remain borders between systems in varied sectors with the consequence that on borders, activities and effects remain limited in a half as opposed to full-circular shape.

Cross-border cooperation is therefore connected with overcoming border barriers and differences in systems, the development of cross-border regions for commerce and services, the reduction of the national border to the function of an administrative border and, in the long term, the transition of the current peripheral national location of individual border regions into a Europe-internal location. In its area, cross-border cooperation incorporates all areas of life: living, work, leisure time, culture, social affairs, transport, environment etc. This point of view incorporates the inclusion in cross-border cooperation of all actors and to become active at all levels, governmentally regionally or locally. The course of action must also be brought together. Otherwise, power conflicts, due also to different structures on both sides of the border, are unavoidable.

The variety in Europe with regard to culture, social affairs and national law has led to very different systems, structures, powers and laws. Border and cross-border regions are therefore bridges and hubs between countries with these different systems and not new administrative levels.

Cross-border cooperation takes place in different ways, through governmental or spatial planning commissions and cross-border Euroregions. It is implemented on the basis of treaties and without them. Cross-border structures can therefore be established governmentally/regionally or regionally/locally.
Border regions are not necessarily identical to national or regional administrative borders. Border and cross-border regions may cover a different area and relate to different structures.

2. Effects of the internal European market and of the changes in Central and Eastern Europe for border regions

For almost ten years, closely connected processes have been taking place in Europe with regard to content, policy and economics:

- Within the European Union, the internal market ensures the removal of internal borders. In this context, the borders of some national states are shifted to the external EU borders and therefore to the external borders with third countries, increased by the accession of Austria, Sweden and Finland.

- Due to the enlargement of the EU, there are greater attempts to establish political, economic and social contacts with third countries beyond the external EU borders.

These developments directly affect all border regions on the internal and external EU borders. Experience proves that the greatest progress will be achieved, if problems are not only discussed but if practical solutions are offered and implemented. This can be achieved easier at regional/local level than at governmental level.

The globalisation of the economy, the full realisation of the internal market with regard to communication, political changes in the East and increasing decentralisation have a positive effect on the establishment and intensification of direct relationships between regional and local actors within and beyond the European Union. In border regions this is of particular importance.

B. Community initiative INTERREG

1. Preparation phase and INTERREG I

In 1989, for the first time the EU Commission supported (ERDF, Article 10) 14 cross-border pilot project groups with c. 21 million ECU.

1,082 million ECU were made available for INTERREG I from which the largest part was used in Objective 1 regions. Border regions which are not Objective 1 regions received ECU 125 million.

INTERREG I was implemented on the basis of 31 operational programmes. The individual programmes differed considerably with regard to their geographical coverage, financial budget, definition of funding priorities, inclusion of local and regional actors and social partners and cross-border quality.

2. INTERREG II

In 1992, the Edinburgh Summit of Heads of Government agreed unanimously to continue cross-border cooperation with INTERREG as a priority measure. The European Commission passed the 1994 to 1999 guidelines for INTERREG II (implementation by the end of 2001). They were published in the Official Journal No. C 180 on 1 July 1994.

Cross-border cooperation within the framework of INTERREG IIA (1994-99) receives at the level of 2.6 billion ECU the highest assistance of all community initiatives. These funds are available for 59 operational programmes. Due to required co-financing (national, regional, local and, in some cases, also private funds), some further billions will be available. This means that almost ECU 4 billion will be provided for cross-border cooperation enabling the realisation of several thousand additional cross-border projects. In this decade, INTERREG provides about ECU 6.5 billion for cross-border cooperation on the internal and external EU borders.

The main objectives of INTERREG are:

Part B, agreement of 500 million ECU Initiative Regen for selected energy networks implemented from 1989 to 1993, also part of this statement, has not been taken into consideration.
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- to assist regions on the Community's internal and external borders in the resolution of their special development problems caused by their relative isolation within national economies and the Community in the interest of the local population and in a way which ensures environmental protection;
- to assist in the context of the 1992 internal market the introduction and extension of cooperation networks beyond internal borders and, if possible, the interlinkage of these networks with larger community networks;
- to assist the adjustment of regions on the external borders to their new role as border regions of a unified and integrated market;
- to use the new opportunities for cooperation with third countries in regions on the Community's external borders.

Since 1994, the PHARE Cross-Border Cooperation Programme (PHARE CBC) has also assisted cross-border cooperation in those Central and Eastern European countries bordering at the borders of the European Union. For countries of the former Soviet Union, the TACIS Cross-Border Cooperation Programme (TACIS CBC) was launched recently. Both programmes are part of the respective PHARE and TACIS programmes.

Assisted regions and allocation of funds

Whilst INTERREG I assisted in particular border regions in Objective 1, Objective 2 and 5b regions, amongst them some maritime border regions, INTERREG II incorporates for the first time all border regions along the internal and external borders of the European Union in keeping with the spirit of the Community Initiative. The number of internal and external borders increased through the EU accession of Austria, Sweden and Finland. In addition, further maritime border regions became eligible for assistance (in addition to Germany / Denmark, Corsica / Sardinia, Bornholm and Kent/Nord-Pas de Calais, for the first time, for example, Italy / Greece and Wales / Ireland).

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2 Objective 1: Development and structural adjustment of regions lagging behind
Objective 2: Converting the regions seriously affected by industrial decline
Objective 5b: Development and structural adjustment of rural areas
Objective 6: Development of extremely sparsely populated regions
EU funds for operational programmes in some Objective 1 regions exceed 100 million ECU and, in the case of Spain/Portugal, are at 552 million ECU. Overall, the 59 operational programmes vary in their financial assistance, for example, 30 programmes receive between 5 and 25 million ECU. The operational programmes with Community co-financing of 100 million ECU or over are:

- Spain / Portugal
  Objective 1 region  Interreg assistance:  ECU 552 million
- Third country borders in Greece
  Objective 1 region  Interreg assistance:  ECU 310 million
- Greece - Italy (Apulia)
  Objective 1 region  Interreg assistance:  ECU 165 million
- Ireland - Northern Ireland
  Objective 1 region  Interreg assistance:  ECU 157 million
- Saxony (to Poland and the Czech Republic)
  Objective 1 region  Interreg assistance  ECU 146 million
- Spain (Southern Andalusia) to Morocco
  Objective 1 region  Interreg assistance  ECU 100 million

Measures eligible for assistance

A broad range of cross-border initiatives are eligible for assistance, which is tiered to the different realities and problems on the many and diverse European borders;
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- assistance of SMEs and co-operatives, namely in the fields of technology transfer and new services and emphasising cross-border economic contacts between SMEs
- development of tourism and agro-tourism;
- water and energy supply and development of telecommunications;
- prevention and monitoring of environmental pollution, environmental protection;
- rural development, including forestry and fish farming and facilitating cross-border trade in agricultural products;
- in connection with other measures, assistance in education and employment for those who are especially directly or indirectly affected by the changed border-related activities, in particular with regard to customs;
- assistance to trade organisations, trade associations, planning and consultancy groups and other public or private organisations or non-government organisations which promotes cross-border contacts in the economic and social sector as well as the provision of language courses held for this purpose;
- in regions with an underdeveloped infrastructure, modernisation of transport routes to ease cross-border links between these regions;
- assistance of cross-border cooperation within the field of higher education between research institutes and vocational education facilities;
- education, culture and health, particularly the joint use of funds and facilities;
- extension of trans-European networks within the sectors of energy, telecommunication and transport;
- solution of problems caused by different languages, administrative processes and legal systems on both sides of the border;
- cross-border regional planning and development of the municipal system;
- combating smuggling across the external borders.

Practical cross-border measures are the declared objective of INTERREG II A. In 14 of 33 programmes on internal borders, the partners work with a joint budget. However, programmes where budgets are jointly administered by one body including co-financing, are still rare.
3. **Evaluation of INTERREG services**

When evaluating INTERREG one must emphasise the different stages of cooperation:

- intensive cooperation requires integrated approaches and is dependent on a long tradition (Euregios in Northern and Western Europe);
- cooperation with a comparatively recent tradition which can be traced back to political changes and EU accession of countries (Greece, Spain, Portugal but also with regard to certain Austrian and Scandinavian regions);
- cooperation only initiated or revived through community assistance;
- cooperation developed through an association with the European Union (in Central and Eastern Europe and in the Mediterranean region).

In economically less developed and mostly peripheral and poorly linked regions, the relatively recent cooperation is progressing constantly. INTERREG programmes here are subject to governmental influence and regional authorities participate much less. Undoubtedly, the quantitative focus of INTERREG I assistance and early INTERREG IIA assistance were infrastructural measures. There is often a lack of long-term strategic planning, real cross-border cooperation and real participation of regional and local actors.

**Regions with an industrial tradition** and rural regions in the centre of Europe developed much more detailed ideas about their cooperation. These regions base cooperation on a strategy and structure as outlined in INTERREG. Regional and local actors as well as social partners are much more involved. Due to their formerly mono economic structure and peripheral location with regard to national transport links, these border regions often have difficulties in implementing their overall regional development. In particular economic cooperation between SMEs beyond the borders is still limited.

**Cross-border cooperation with non-EU countries**, already practised for a long time in EFTA countries, experiences a great revival in Eastern Europe. This cooperation goes along with considerable social, cultural, political and economic disparities (differences in the standard of life, minority problems, migration). The transport infrastructure is national and relatively poorly developed. Undoubtedly, most of the financial support is given to infrastructural measures, particularly in less developed regions and where governments were primarily responsible for the INTERREG programmes.
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With the first experiences of INTERREG cooperation on sea borders on the internal and external EU borders, the focus is mainly a question of interlinkage (connection with the national and European markets and transport infrastructure).

An evaluation of INTERREG I concluded in 1996 and commissioned by the European Commission, DG XVI, analysed and evaluated 31 operational programmes and over 2,500 projects with regard to their socio-economic and social content, cross-border character, management and qualitative and quantitative aspects. According to this evaluation, the central aims are assistance of environment-friendly tourism, environmental protection and exploitation of natural resources. An important economic effect of INTERREG I was the development of jobs in connection with various large industrial projects. However, it was not evident that these important jobs could be maintained after the infrastructure measures had been concluded. Because the greatest proportion of funding is given to Objective 1 regions this finding must be seen in relative terms.

The evaluation recommends, inter alia, the examination of regions with priority objective status under the Structural Funds, the stronger inclusion of third countries on external borders, a balanced planning of the timescale and an improved inclusion of the private sector. In addition, it recommended the extension of areas for cross-border cooperation (for example, culture, social affairs, urban development) to ensure that regional and local needs can be met. The most important INTERREG contribution is seen in the development and intensification of a dynamic development of cross-border cooperation; INTERREG I was therefore an indispensable preparation phase for further INTERREG programmes.

An assessment and evaluation from the perspective of border regions leads to the following:

Positive elements:

The most important political dimension of the community initiative may be that the EU budget provides a special budget for cross-border cooperation based on operational programmes.

The added value of INTERREG is the substantial contribution to the

- development of Europe;
- implementation of subsidiarity and partnership;
- increased economic and social cohesion and cooperation;
The first INTERREG phase may be viewed as a period during which border regions learn to cooperate or revive former cooperation (discussion partners, courses of processes and work).

The institutional added value (knowledge about and cooperation between administrations, regional authorities and social partners) and the socio-cultural added value (exchange of information and know-how within regions) are obvious. Often the socio-cultural cooperation develops the base for a sustainable environment for trade, economics and services.

The socioeconomic added value manifests itself, albeit, in different ways in the respective regions:

- the creation of jobs in direct connection with the extension of the transport and telecommunications infrastructure;
- the creation of jobs in the fields of tourism, education and research as well as through cooperation between small and medium-sized enterprises;
- the improvement of the national transport infrastructure, in the beginning nationally, later across the border;
- the development of tourism (joint marketing, joint projects);
- the mobilisation of endogenous potential through the strengthening of the regional and local levels as partners for cross-border cooperation;
- the inclusion of actors within the economic and social sectors (for example, chambers of commerce in Greece/Bulgaria or Nord pas de Calais/Wallonia/Kent and trade unions/employees in the German/Dutch or Austrian/German border regions).

Experience gained thus far with INTERREG shows that jointly developed programmes and projects can be most effectively implemented and realised if the principles of partnership and subsidiarity are observed and regional and local partners play a considerable role.

Critical elements:

The southern border regions of the European Union often lack experience in cooperating. The more central governmental administrative structures and the lack of reciprocal knowledge and trust make the development of sustainable cross-border structures a slow process. In general, this hinders the efforts to cooperate and leads, inevitably, to a comparatively low involvement of regional and local actors and social partners.
Border regions on the external EU borders must overcome the greatest obstacles when implementing INTERREG. The reasons for this include: the peripheral location, long isolation and separation from their neighbours, great differences in administrative structures despite the political changes, a relatively recent democracy and the fact that Central and Eastern European support programmes for cross-border programme cooperation were only implemented in 1994 and with greatly varying assistance mechanisms.

The real cross-border character of INTERREG remains in many cases in the background or is only gradually developed, especially with regard to large INTERREG programmes. The INTERREG I cooperation between Extremadura and Alentejo, for example, invested only 7.3% of funds received in cross-border activities. All other measures dealt with the infrastructure and socioeconomic developments in the respective border regions. Far too often national border programmes were developed which were then, together with the respective neighbours, presented to the European Commission. Correspondingly, there are often national projects which refer to borders and are reciprocally agreed in the management committees. In other cases, national border projects are collected in one package, “added”, and then declared a cross-border cooperation. Within the course of INTERREG II, positive changes to promote genuine cross-border cooperation can be observed. This development is to be promoted further.
C. Topical and future problems

1. General

Cross-border cooperation

Despite the European integration process, the internal market and the positive results from INTERREG, all border regions still suffer from the historical consequences of borders. Problems occur on the internal and external borders and reflect in a concentrated way the problems of the European integration process in all parts of the European Union.

Taking the perspective of border regions, the most important points may be summarised as follows:

• Border regions still have difficulties in exploiting to a full extent the opportunities, arising from the European Single Market and the opening beyond external borders. These tasks and problems cannot be resolved by cross-border regions alone since conflicts and reasons for borders are of national and European nature.

• The application of the partnership and subsidiarity principle is still expressed in very different ways in the individual INTERREG programmes. In particular, extensive operational programmes in financial terms are in most cases prepared on the national level. From the beginning, they are not jointly developed cross-border programmes with joint cost and funding plans. Correspondingly, they also lack in most cases the criteria necessary for cross-border projects which may serve as a measure for a future selection.

• In addition, the responsibilities with regard to the implementation of INTERREG seem to be unclear. The responsibility of the European Commission should be limited to the monitoring and control of programmes approved and to basic questions concerning INTERREG. In contrast, the approval of projects is the responsibility of the regional/local level.

• The political objectives pursued in the INTERREG communication do not always seem to be compatible with the European Structural Funds, which are the financial base. An examination as to whether this funding instrument needs to be improved or replaced seems therefore justified. With projects which, in the opinion of national and regional partners, meet the INTERREG criteria and national support programmes, e.g. strengthening of the economy and location, one has to assume that they are eligible for assistance.
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- There are currently bureaucratic obstacles caused by the funding through various European structural funds. Social, agricultural and regional funds have very different criteria which make it difficult or impossible to implement good cross-border projects. It is important to resolve this problem in the future.

- The implementation of INTERREG through a national ministry (in most cases the ministry of economic affairs) leads to considerable problems with regard to co-financing. The other national ministries do not know INTERREG or have used their future budgets to such an extent that they see no possibility in co-finance INTERREG projects. In addition, they give these projects no national priority because the overall responsibility is with the ministry for economic affairs.

- A certain contradiction with regard to the implementation of real cross-border programmes and projects stems from the fund allocation according to the objective status of regions. In regions which are particularly eligible for assistance EU funds are cumulated. The national and regional level often has difficulties in absorbing these funds or in organising co-financing. This applies in particular to existing and future budget situations. Moreover, in some countries borders separate regions with a different objective status. This leads to substantial funds on one side of the border (through the objective status) and to much smaller funds in the non-objective region on the other side. In practice this means that more national and fewer cross-border projects are assisted. Funds allocated strictly in accordance with the type of regions with objective status are not in keeping with the original spirit of INTERREG and hinder a stronger preference of real cross-border cooperation.

- The considerable size of some INTERREG programmes, particularly in Objective 1 regions, makes it difficult to consider region-specific situations and priorities and to release endogenous development potential. This is also the opinion of the European Court of Auditors. The inclusion of regional and local actors and the assistance of endogenous region-specific potentials leads almost automatically to an increase in INTERREG programmes, because of a reduction to a smaller geographical unit. However, this should be tolerated because of the resulting intensive cross-border cooperation.
The establishment of cross-border organisations and structures at regional and local level is hindered by administrative and legal obstacles. Sometimes there is also a lack of political will.

In practice there is often no guarantee that PHARE/CBC observes INTERREG guidelines which leads to great difficulties on the external borders.

An extension of INTERREG to other ways of cooperation beyond borders must neither lead to a weakening of well-proven criteria for cross-border cooperation nor to a mixing and unclear demarcation of individual funding lines. For other types of cooperation beyond borders clear objectives need to be formulated based on clear requirements.

2. **Assessment according to type of border regions**

In cross-border cooperation, the following types of regions may be distinguished:

- border regions within the European Union, in [Objective 1 regions](#) located on the internal or external borders of the European Union;
- border regions in [Objective 6 regions](#) in North-East Scandinavia located in the new member countries, Sweden and Finland;
- border regions within the European Union with a further developed economy but with special problems with regard to objective 2 and 5b regions are;
- border regions on the [external borders](#) of the European Union;
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- border regions on maritime borders.

However, these types of border regions may overlap.

Objective 1 regions

INTERREG regions in Objective 1 regions are very large programme regions in geographical and financial terms.

In general, there is no lack of cross-border ideas and initiatives. The difficulty is to translate these ideas into concrete projects as political problems and competence problems need to be overcome. As the implementation of INTERREG programmes is strongly influenced by national levels there is often a lack of flexibility to conform with the specific priorities of various border regions. The lack of a regional outlook in these INTERREG programmes can be felt as well as the lack of regional cross-border development concepts for individual border regions. However, in recent years, there has been some progress on this issue. Through the principles of partnership and subsidiarity, border regions get more involved in the decision-making process.

In general, for border regions in Objective 1 regions the following stands to the fore:

- further improvement of the transport and communication infrastructure in and between border regions which form the base for sustainable cross-border cooperation and related new economic activities;
- improved exploitation of region-specific development potential (regionalised cross-border operational programmes);
- diversification of activities in rural regions to avoid further depopulation;
- assistance of cross-border networks;
- quality improvement of “human resources”;
- particularly in rural regions, solution of environmental problems;
- cross-border regional development policy;
- implementation of cross-border organisations.
For the Spanish/Portuguese border regions, the still poor infrastructure and lack of cross-border communication represents a barrier. Caused by their structural underdevelopment and peripheral location it is still very difficult to benefit to the full extent from the enlarged internal European market, for example, with regard to cross-border trade, cross-border labour market or to attract new investors.

In the Irish/Northern Irish border regions, the continuing security problems affect the political and economic development to a large degree. The tense situation deters investors although the common culture and language offers good opportunities for community initiatives and cooperation. But, due to the political situation, authorities try to avoid delegating tasks connected with cross-border cooperation to regional /local partners. In addition, the parallel Community Initiative, PEACE, is currently demanding resources in terms of administrative capacities and political focus to such an extent that INTERREG IIA attracts relatively little attention.

The most important obstacle in the relationship between the maritime regions of Corsica and Sardinia are the relatively few and weak cross-border contacts. Joint interests are within the fields of environmental protection and the improved exploitation of maritime potentials (for example, tourism).

In the Northern France / Southern Belgium (Hainault) border regions, overcoming consequences of industrial restructuring (decline of old industries) is of major importance. The common language and culture provide a good base for real cross-border cooperation.

The Greece, East German, Eastern Austrian (Objective 1), Swedish and Finnish (Objective 6) border regions will be dealt with in the chapter “external borders”.

**Objective 6 regions**

Objective 6 regions as geographically designated assisted regions occurred only after the accession of Sweden and Finland. These regions have less than 8 inhabitants per square kilometre (0.4% of the population). They are located in Central and Northern Scandinavia and cover about 50% of both countries but in Finland have only 16.6% and in Sweden, 5.0% of the entire population.
Specific objectives for the development of very sparsely populated regions are:

- the preparation of their new function in the common market;
- measures to avoid further depopulation;
- new activities to ensure diversification of employment;
- adjustment to the changes in agriculture and forestry;
- development of “human resources” through training and further education.

For border regions in Objective 6 regions, the following stand to the fore:

- gradual erosion of the peripheral location within the internal European market, inter alia, through the erosion of existing infrastructural disadvantages and overcoming of long distances;
- improvement of education (including universities) and employment opportunities, in particular for young people and women;
- improvement of the currently relatively poorly developed cooperation network;
- construction and extension of social facilities (despite relatively high costs) by using the cross-border area (full circle).

Regions within the European Union

These border regions concern all other internal borders and the largest part of the border population within the European Union. The main characteristics are that in most of these border regions cross-border cooperation began earlier than in the rest of Europe (old European Community of six). The competencies of regional and local authorities regarding the implementation of INTERREG programmes and projects are well advanced and involve the social partners. In some cases there are already well functioning organisational structures with approaches to integration based on legal agreements or international treaties.
For border regions within the EU the following stand to the fore:

- improvement of cross-border cooperation between small and medium-sized enterprises (old industrial relationships have broken down and new ones have not developed as yet);
- solution of structural problems of the labour market (hidden unemployment due to a longstanding monostructure);
- eradication of infrastructural barriers (large-scale, for example, in the Alps, Pyrenees and with regard to missing links in all border regions);
- solution of social problems in the context of an increasing number of cross-border commuters;
- solution of environmental problems caused by traditional economic structures (industry and agriculture);
- cross-border conservation of the environment, nature and cultural heritage.

However, priorities vary in individual border regions:

In the Pyrenees and Alps, the priority is to overcome the natural barriers and the national peripheral location connected with them and the transit function within the EU. High priority therefore is given to measures for the improvement of the infrastructure and communication, in particular environment-friendly investments in the railway and telecommunications network.

Further priorities are the development of tourism and linked with this the conservation of cultural heritage on both sides of the border and the creation of new jobs in agriculture (in mountain regions).

Border regions in the centre and northwest of the EU (France / Germany; France / Luxembourg / Germany; France / Belgium / Germany; Belgium / Netherlands; Netherlands / Germany, France / Belgium / England), have the following priorities:

- improvement of cross-border cooperation between small and medium-sized enterprises;
- improvement of cross-border vocational training and of the endogenous potential of workers to ensure the creation of new jobs and to eradicate the consequences of the longstanding monostructure and hidden unemployment;
- development of strategic cross-border concepts, (for example, agricultural marketing, logistics, recycling of waste, tourism);
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- improvement of cross-border cooperation in the environmental sector by taking into consideration the interests of agriculture, tourism and regional development;
- solution of everyday border problems;
- increased cooperation in the social sector (cooperation between hospitals, service facilities, administrations etc.)
- closing of missing links in border regions with regard to transport (missing links between national and European transport links).

In the **northern part of the EU** (Denmark / Northern Germany and Northern Netherlands / Germany), priorities are:

- cross-border cooperation in the economic and technological sector;
- joint development of rural regions and the tidal shallows by observing environmental aspects;
- eradication of still missing links in the transport network (with regard to large European transport axis).

**Border regions along the external borders**

The most important points, development opportunities and problems of these border regions have already been discussed in the chapters on regions with objective status. Therefore only special characteristics should be pointed out here:

Cross-border cooperation on the external border of the European Union is not only very different but also diverse and complex. In addition, these border regions are often confronted with quick changes in the neighbouring border regions.

One may distinguish three categories of border regions on external borders:

- regions with borders to EFTA countries (Norway and Switzerland);
- regions with borders to associated countries which have applied to join the Community (for example, Poland, the Czech Republic, Hungary, Slovenia Estonia);
- regions with borders to other countries connected with the EU but less developed than those mentioned above (for example, Albania, Lithuania, Latvia, Bulgaria) or which cannot be admitted to the EU (for example, Russia and Morocco).
The Greek, East German and Eastern Austrian border regions on external borders are Objective 1 regions; most of the the Swedish/Finnish border regions are Objective 6 regions.

Regions bordering EFTA countries are on borders with Switzerland, France, Italy, Austria and Germany as well as in Northern Denmark/Sweden with Norway.

Cross-border cooperation is characterised here by the following features:

- long distance and peripheral location in Scandinavia;
- economic development is above or average that of the European Union;
- these border regions are important transit zones or international transit zones (Denmark, Sweden, Finland, Switzerland);
- there are structures, institutions and programmes for cross-border cooperation.

There are existing institutionalised procedures and bilateral agreements. At governmental/regional level, associations and working groups were set up, such as North Calottia, Central North, ARGE-Alp, Alps-Adria, Cotrao or the Bodenseerat (Lake Constance Council). In addition, in recent years cross-border cooperation forms were established at regional and local level (for example, Euroregions between Switzerland and Austria, Germany and Italy).

Regions bordering EFTA countries have the following priorities:

- environmentally-friendly extension of the infrastructure (shifting of transport to rail), cooperation in the tourism sector, cooperation between small and medium-sized enterprises, promotion of cultural relations and protection of cultural heritage;
- focused joint measures to protect mountain regions and to avoid further depopulation;
- promotion of economic development and human resources.

Cross-border cooperation on the external EU borders with Central and Eastern European countries and in the Mediterranean region is characterised by:
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- international tensions between neighbouring countries or political framework conditions still slow down or disrupt cross-border cooperation (EU border regions neighbouring Albania, Bulgaria, Slovakia or Russia).
- There is the strong will to increase cross-border cooperation through informal contacts and organisations but nation-states still play a priority role.
- Cross-border cooperation formerly absent due to political reasons is now progressing continuously, particularly at regional and local levels.
- On the external EU borders with the Baltic countries, Poland, the Czech Republic, Slovakia, Hungary and Slovenia, Euroregions and other forms of cross-border cooperation were recently established and their number is constantly increasing.
- Despite differing geographical, economic and industrial characteristics, all border regions on external borders must overcome considerable economic differences (asymmetric industries and economies, currency and wage disparities, lack of infrastructure and border crossings, environmental problems).
- Migration (political and economic) affects the psychological-political climate in these border regions.

Regions on the external borders to Central and Eastern Europe try in particular to:

- improve the infrastructure and to open border crossings;
- improve transport links and communication networks;
- improve economic development;
- improve environmental protection in all sectors;
- intensify the participation in future INTERREG programmes and their management;
- improve the combination of EU funds with PHARE CBC and TACIS CBC.

On the external Greek borders (see also Objective 1 regions), one concentrates more on:

- the development of endogenous and region-specific potentials;
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- the development of a cross-border transport infrastructure, in particular the short-term opening of additional border crossings;
- real cross-border projects;
- the examination of specific cross-border environmental problems;
- a stronger regional and local participation in INTERREG procedures.

In addition, as regards cross-border cooperation on the border between Finland/Norway and Russia, the following applies:

- eradication of considerable differences in the standard of living (political and administrative);
- solution of legal and ownership issues as precondition for a sustainable cooperation;
- gradual development of (almost entirely absent as yet) economic links;
- overcoming of psychological barriers through the transfer of knowledge as a precondition for understanding and trust.

Border regions on maritime borders

Maritime border regions are on the internal and external EU borders. They incorporate various types of objective regions in accordance with the EU Structural Funds (Objective 1, 2, 5b and 6 regions and regions without objective status). Only certain maritime border regions are eligible for INTERREG assistance (4 maritime programmes under INTERREG I and, under INTERREG IIA, 17 maritime programmes along the internal and external EU borders). Nordic countries have a particular long tradition of cooperation on maritime borders.

Key elements which influence cross-border cooperation on maritime borders are:

- strong historical relations and cultural similarities (for example, between Sweden, Finland and Denmark, the Baltic countries and Ireland and Wales);
- a short distance between the shores of border regions as well as good communication connections (ports, ferries) which have a “gateway” function for the free transport of goods and passengers and enable international transport. In some cases, e.g. if border regions are located close to each other, access was improved through the creation of firm links between the shores concerned (for example, through the tunnel below the Channel between United Kingdom/France; the bridge over the Øresund between Denmark and Sweden), which, in principle, converted maritime borders into “terrestrial borders”.

25
The priorities for maritime border regions generally incorporate the following aspects:

- general improvement of transport links, particularly in Objective 1 regions (for example GR/I) to overcome access difficulties. This applies to the type of transport (ferries, trains etc.), the time needed to travel from one border region to another, costs, distance (distance between both border regions) and specific issues:
  - the “gateway” function as main access and transport link to international markets;
  - gaps in the transport infrastructure and in the transport and communication networks connecting both border regions;
- monitoring of the environment, environmental protection and management;
- joint development and joint management of natural resources;
- strengthening of the cross-border region as one economic unit. This concerns in particular maritime border regions located closely to each other with strong historical and cultural relations (joint actions within the field of economic development, tourism, cooperation between enterprises, research and education);
- the challenge for border regions located far from one each other is the development of contacts and networks between various authorities and organisations in the framework of interregional cooperation.
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D. Proposals

1. Basic conditions

**INTERREG**

**Objectives:**
Main objectives are:

- Overcoming of special economic problems in regions along the Community's internal and external borders;
- development and extension of cooperation networks beyond the internal borders and interlinkage with other networks;
- alignment of regions on the external borders to their new role in the internal market;
- cooperation with third countries on the external EU borders.

**Actions:**
- between 1994 and 1999 ECU 2.6 billion (of which, 75% for Objective 1 regions);
- all NUTS II regions on EU borders (for example, in Germany at district level);
- various measures:
  - cooperation between small and medium-sized enterprises (c. 40%);
  - environment (25%);
  - development of tourism;
  - schools and education;
  - spatial planning and infrastructure (4%).

**Summary:** On the external EU borders, INTERREG/Phare CBC are national programmes which are presented jointly. The use of similar terms but with clearly different emphasis. A joint approach for criteria and the level of funding could not even be agreed in the case of the so-called "small project fund".

**Instruments:**
- integrated operational programmes running for several years;
- institutional and administrative partnership programmes;
- participation and shared-responsibility of regional/local levels;
- subsidiarity;
- vertical and horizontal partnerships;
- joint steering committees.

**PHARE/CBC**

**Objectives:**
General assistance for integration in the EU, in particular through:

- Overcoming of development problems;
- extended networks, for example projects with INTERREG II;
- promotion of cooperation between border regions in Central and Eastern Europe and the EU.

**Actions:**
- currently over ECU 180 million a year, without Objective Regions;
- all PHARE countries and border regions are in EU neighbourhood;
- various measures;
  - transport (55%);
  - environment;
  - economic cooperation (4%).

**Summary:**

**Instruments:**
- the usual PHARE procedures are more project-oriented;
- from sector-related to integrated programmes;
- despite the recent introduction of multi-annual programmes, decisions are still made for one year;
- improved inclusion of the regional/local level;
- vertical and horizontal partnerships;
- joint programme and steering committees but with national sub-committees.
The success of INTERREG (cross-border cooperation) is based on clear criteria, clearly described actors through the inclusion of all partners and areas of life on both sides of the border; based on a SWOT analysis, INTERREG has in its multi-annual operational programmes clearly defined objectives. There is a continuing demand for cross-border cooperation, as currently implemented by INTERREG. In view of this demand it seems consistent to continue cross-border cooperation through a Community Initiative in the future.

2. Cross-border cooperation

In June 1997, the European Parliament passed a report by Rita MYLLER, member of the Committee on Regional Policy, on cross-border and inter-regional cooperation (A4/0161/97). This decision also incorporates an evaluation with concrete recommendations:

- the European Parliament “establishes that the number of examples of cross-border cooperation is still low caused on the one hand by separate implementations of some INTERREG IIA programmes on both sides of borders and on the other hand difficulties during the implementation of cross-border cooperation between EU countries and third countries”;
- “...within the framework of future INTERREG IIA programmes it is of great importance that operational programmes are drawn up jointly with regard to financial planning and the criteria of cross-border cooperation and, in particular with regard to cooperation with third countries, to coordinate "INTERREG and PHARE CBC."
- “The administration and funding of INTERREG programmes must be made easier.”
- "It is important to delegate more responsibility than before to local authorities in each phase of drawing up, administration and implementation of programmes, including funding.”
- "A harmonisation of the cross-border programmes, INTERREG II, TACIS and PHARE CBC would be desirable to ensure real cross-border cooperation in the form of projects and cooperation between citizens; the cross-border cooperation within the framework of TACIS should permit the implementation of projects running several years to facilitate the consolidation of INTERREG.”
Based on the decision of the European Parliament and experiences of border regions within the framework of AEBR and the LACE Project and a previous analysis, the following themes must (until late 2005) have priority in EU assistance of cross-border cooperation:

- further **improvement** of cross-border **cooperation** between small and medium-sized enterprises;
- development of new cross-border relations between **manufacturers** and **suppliers**;
- resolution of **structural problems** of the cross-border **labour market**;
- development of **networks** for a cross-border **labour market** through cooperation between employers, trade unions and labour administrations;
- cross-border cooperation to **combat illegal activities** and **job arrangements** in the labour market;
- **eradication of border-related disadvantages in competition** (public and private invitation for tender, administrative barriers, social dumping, delays in postal services etc.);
- **solution of social problems** caused by the increased cross-border mobility;
- creation of preconditions (facilities, teachers, syllabi) in all types of schools to **teach** the language of the neighbouring country;
- promotion of **cross-border vocational training** and the reciprocal acknowledgement of governmental **qualifications**;
- **public notification** of plans and **creation** of legal and tax-related **preconditions** for the operation of **cross-border commercial sites**;
- **exploitation of comparative cost advantages** in border regions to balance and complement but not encourage reckless competition;
- alignment of regional policy and economic policy assistance instruments on both sides of the border;
- cross-border **utilisation** of **supply and waste disposal facilities**;
- **eradication** of border-related administrative, economic and technological **barriers** by using **telematics** and communication;
- cross-border cooperation on **social issues** (hospitals, emergency services, blood banks etc.) to ensure that these facilities are used to the optimum and to avoid double investment (half-circle). These objectives are currently hindered by national funding systems, financed by various contributors (health insurance, trade associations, chambers, national budgets etc.).
The following guidelines are recommended:

- EU assistance for all border regions must be continued beyond 2000 because INTERREG funds automatically bind national and regional co-funding. In the past, cross-border cooperation had no national priority and co-financing would, otherwise, no longer be available.
- All border regions within the European Union and in Central and Eastern European countries must be assisted regardless of whether they are national or European regions with objective status. The necessity arises from the fact that to be a border region incorporates numerous problems both now and in future.
- North-west and east-south transfer of knowledge must be ensured permanently in cross-border cooperation. The INTERREG and PHARE CBC network must therefore not be a "one-way street". It must continue to provide recognisable benefits for its population in all border regions. Also in future, politicians and the people in poorer and further developed border regions must be reminded and convinced of the benefits of the EU and cross-border cooperation.
- Real cross-border concepts and operational programmes, from the beginning must be developed jointly, i.e., for functionally connected cross-border regions (for example, Euroregions) with a manageable size. Each of these programmes must be administered by an individual steering and management committee.
- The participation of the regional and local levels or Euroregions with voting rights in steering committees is absolutely necessary when, in practice, INTERREG projects are planned, funded and implemented at regional/local level.
- Real cross-border projects must be implemented in accordance with previously stipulated criteria (What is a cross-border project? For example, if partners from both sides of the border are willing to participate with regard to content, staff, organisation and funds!).
- From the beginning, projects must be developed jointly by partners from both sides of the border. It remains unacceptable to present national project lists which will be adjusted at a later stage or reciprocally rubber stamped.
- Joint cost and funding plans must be drawn up for each project. A precondition here is joint cross-border programmes with a funding framework and quotas (EU, national, regional, private).
- It must be examined whether it is beneficial to use a private bank for the technical implementation of the INTERREG programme and projects. Important here are the letter of approval for the project organiser (on a basis in accordance with private law, not several letters of approvals with varying criteria in accordance with the public law of individual countries); the EU remains in control of funds and of their withdrawal.
- The existing and extended infrastructure on both sides of the border is to be used to a optimum, e.g. through the cooperation between and medium-sized enterprises, innovation, universities, spatial planning, tourism, environment, schools and education facilities.
- The former existence of few large projects, particularly in INTERREG programmes with high levels of financial assistance must increasingly be replaced by various small and medium-sized projects as implemented already in some EU border regions. Because national ministries can only deal with these projects if they employ considerably more staff (assistance of existing staff in ministries according to the EU is no longer permissible) the following prognosis can be given: the state will increasingly become a partner. The competencies with regard to programme development, project assessment and selection, selection of cooperation partners, management and control will be shifted to the regional/local level. The state will retain its influence through the necessary national co-financing, the consideration of national programmes with regard to project selection and decisions taken unanimously in steering committees.
- Maritime cooperation as cross-border cooperation must also fulfil the corresponding criteria, e.g. the development of a multi-annual, integrated development concept / operational programme and must contain more than only port infrastructure and the improvement of ferry operations.

3. INTERREG/PHARE CBC and TACIS CBC

The PHARE CBC Programme was introduced in 1994. It is to follow the guidelines of INTERREG. In contrast, TACIS CBC was introduced only recently. Further details are in the comparative overview above.

Until 2000 INTERREG II and PHARE CBC will therefore only allow a few improvements with regard to content and organisation. However, there will me room for some adjustment.
Major intended changes will have to be made in the period after 1999.

The following recommendations are made in light of the fact that several PHARE countries will have INTERREG regions in a few years:

- The change on the interfaces to Central and Eastern Europe and to the new EU member countries must be designed to be socially, culturally and economically acceptable. In the coming years these changes will have to be designed in such a way that considerable differences in the economy, performance, purchasing power and currencies differentials can be remedied.

- The existing barriers between PHARE CBC and INTERREG must be removed with the new programmes to be implemented after 2000, e.g. with regard to the drawing up of operational programmes, their implementation and control. In the spirit of the “Agenda 2000” it would be desirable to implement a uniform funding for border regions within the European Union and in the neighbouring Central and Eastern European countries.

- The current validity of INTERREG/PHARE/TACIS CBC programmes for entire national borders must be changed. Correspondingly, one must begin to draw up joint operational programmes, e.g. at the level of functionally connected cross-border regions with a manageable size (e.g., Euroregions). Each of these programmes must be administered by an individual management and steering committee. In addition, funding quotas and tables must be developed for individual INTERREG/PHARE/TACIS CBC programmes. This corresponds not only with the desired development of the INTERREG programme but also the danger that those border regions submitting the application first receive funds in favour of projects which show best quality.

- Future co-financing at governmental level must particularly be ensured for these projects. The trend must be countered that, due to a lack of national funds, the responsibility for co-financing is shifted increasingly to the regional and local level.

- During the next Interreg/Phare CBC period infrastructure projects should only be accepted if they include real cross-border measures and close missing links.

- In any case, EU funds are additional and must not be used to strengthen national budgets.

- A regionalisation of PHARE CBC is desirable. However, regional information centres should not be subsidiaries of national governments but the responsibility of border regions.
If PHARE is to follow INTERREG guidelines, this also has consequences with regard to decisions on programmes and projects, e.g. the EU will then approve the programmes. The decision concerning projects will be shifted to the national/regional level after 2000.

With regard to the very recent TACIS CBC, the following is recommended:

- From the beginning, TACIS CBC should follow INTERREG guidelines. This includes:
  • preparing joint operational programmes and projects;
  • inclusion of regional and local actors;
  • the current regulation that, with TACIS CBC, a EU partner must be involved means that the already difficult cooperation on non-external EU borders will be burdened further by inter-regional participation. In addition, the principle of cross-border cooperation - direct neighbourhood on the border - will be weakened.

- Regional information centres within the framework of TACIS CBC must not be subsidiaries of national governments but should be transferred to regional authorities in border regions.
E. Distribution of tasks with regard to the resolution of cross-border problems.

1. Level of the functionally connected cross-border regions (euregional level)

The following is recommended:

- Operational programmes for functionally connected cross-border regions (e.g. Euroregions) along national borders require an alignment of joint development priorities through all participating border regions, which must then be submitted jointly to the EU by the national governments concerned. For each programme, region-specific fields of actions may be developed taking into consideration endogenous development potential.
- Before doing so the following criteria must be stipulated for operational programmes:
  - What is a cross-border project?
  - What lower or upper limits apply to assistance?
  - What is eligible for assistance for each development focus?
- If funds are agreed per cross-border region (e.g. Euroregion), it must be ensured that they are balanced between cross-border and national sectors.
- Individual management for each operational programme is indispensable and must be funded by Technical Assistance. Additional staff required must be employed.
- In the case of project development at regional level, strong practical assistance is needed from the respective border regions (for example, Euroregions).
- The participation of local and social partners and of all authorities from both sides of the border must be ensured. Only this creates a sufficient basis within the region to ensure the development of the programmes and the implementation of projects. In addition, it facilitates the use of their own regional and private funds.
- Each border regions (for example, Euroregions) should run the secretariat for the steering and management committee.
- An increase of regional co-financing of projects is urgently required to ensure the survival of projects and jobs. In the economic field in particular regional co-financing would be desirable, for example, up to 50% for projects which are assisted for three years. If this is not the case, the increase to 100% funding cannot be ensured. In addition, more projects can be assisted with EU funds.
Corresponding with these recommendations, the cross-border level will also have to:

- draw up operational programmes in partnership with the governments on both sides of the border and regional partners;
- take over the management of programmes up to implementation and control;
- ensure the participation of partners from both sides of the border;
- select projects;
- draw up joint conference documents with decision proposals;
- evaluate individual operational programmes, based on a region-specific SWOT analysis taking into consideration the endogenous quantitative and qualitative standards, which, if necessary, may be checked at a later date by consultants.

If regional organisations, based on regional or local authorities (e.g., Euroregions), take over more competencies within the framework of INTERREG or INTERREG/PHARE/TACIS CBC, they will have to be legally and financially liable towards government authorities regarding the correct implementation of programmes. Consequently a written agreement should regulate liability and the type of management.
EUROREGION

Organisation

• Amalgamation of regional and local authorities from both sides of the national border, sometimes
  with a parliamentary assembly;
• cross-border organisations with a permanent secretariat and experts and administrative staff;
• according to private law based on national associations or foundations from both sides of the border
  according to the respective public law.
• according to public law based on international treaties which also regulate the membership of regional
  authorities.

Method of working

• development and strategic-oriented cooperation, no measures based on individual cases;
• always cross-border-oriented, not as national border region
• no new administrative level;
• hub for cross-border relations; citizens, politicians, institutions, economy, social partners, organisers of
  cultural events etc.;
• balancing between different structures and powers on both sides of the border and with regard to
  psychological issues;
• partnership cooperation, vertically (European, governmental, regional, local) as well as horizontally
  beyond the border;
• implementation of cross-border decisions at national level and according to procedures applicable on
  both sides of the border (avoidance of competence and structural power conflicts);
• cross-border participation of citizens, institutions and social partners in programmes, projects and
  decision-making processes;
• direct initiatives and the use of own resources as preconditions for help and support of third parties.

Content of cross-border cooperation

• definition of fields of action according to joint interests (e.g. infrastructure, economy, culture)
• cooperation in all areas of life: living, work, leisure time, culture etc.;
• equal emphasis on social-cultural cooperation as on economic-infrastructural cooperation;
• implementation of treaties and agreements and concluded at European level between countries to
  achieve cross-border practice;
• advice, assistance and coordination of cross-border cooperation, particularly in the following fields:
  • economic development;
  • transport and traffic;
  • regional development;
  • environmental protection
    and nature conservation;
  • culture and sports;
  • health affairs;
  • energy;
  • waste disposal;
  • tourism and leisure;
  • agricultural development;
  • innovation and technology transfer
  • schools and education;
  • social cooperation;
  • emergency services and
  • disaster prevention;
  • communications;
  • public security.
2. **European level**

The following is recommended:

- the European Commission remains responsible for the approval of programmes, changes to the overall financial framework and the external evaluation (not for individual projects);
- the European Commission should only approve real cross-border and “region-specific” operational programmes;
- the EU should give priority to the following points when approving programmes and funding:
  - the quality of the multi-annual integrated programme;
  - the real cross-border character of the programme;
  - the participation of all regional, local, public and private actors;
  - effects on the labour market, economic structure and location;
- EU funds must be made available in the medium- and long-term. They bind national co-financing and are the only guarantee that national funds will also be available in future;
- the EU ensures that during implementation of operational programmes the political objectives of the INTERREG communication have priority. This demands a certain adjustment of administrative instruments, for example, of the future Structural Funds Regulations after 2000.
- EU guidelines must be simplified because different criteria for individual Structural Funds hinder the preparation and realisation of projects. Integrated INTERREG programmes is only seemingly mirrored by integrated EU funding. One solution may be to apply the criteria of the Fund with the highest financial share in the programme;
- the strong dependency of INTERREG’s funding on regions with objective status should be examined. This dependency results in difficulties for the implementation of genuine cross-border cooperation. The results are, for example, national, non-cross-border procedures and projects;
- the Commission should search for new approaches to define the eligibility for assistance. Important is the development of sensible cross-border criteria.
- on the external EU borders it must be ensured that integrated multi-annual operational programmes are complemented by multi-annual integrated EU funding in third countries.
the EU must draw early conclusions from the obvious consequence that many of the current PHARE CBC regions will be EU members in a few years. Between 2000 and ca. 2004, a transition period needs to be planned with improved regulations for these border regions. The existing association agreements will provide the basis for “transit solutions and funding pools” to ensure an improved integration of PHARE CBC into INTERREG from 2000 onwards;

periods required for approval must be shortened and methods of payment improved, in particular for measures in Central and Eastern European countries.
III. INTER-REGIONAL COOPERATION

Inter-regional cooperation is funded by very different European sources. Their contribution to the socio-economic balance and development of European regions is unquestioned but much more difficult to prove. In individual cooperation cases the contribution is sometimes well targeted. As regards multi-thematic cooperation the contribution becomes apparent more in the long-term because a climate is created which promotes cooperation. Inter-regional cooperation also contributes substantially to the exchange of experience and familiarisation with EU affairs as well as to the promotion of democratic principles in Central and Eastern countries and in the Mediterranean region.

In the case of inter-regional cooperation, the current form of community assistance leads to a great variety and lack of transparency (for example, RECITE, ECOS/OUVERTURE, PACTE, PHARE CBC, PHARE DEMOCRACY, PHARE PARTNERSHIP, LIEN, MEDA, Article 6 ESF, Article 8 EAGGF, EURES, TERRA etc.). From this variety problems arise for joint projects and the linkage of different funding programmes.

Compared with cross-border cooperation, inter-regional cooperation is in need of more publicity because it has no long tradition. Furthermore the exchange of experience requires promotion. The attempts to revive old and develop new inter-regional relations are evident (e.g., the Hanseatic League). At the same time there is a search for new models of inter-regional cooperation to ensure integrated cooperation similar to cross-border cooperation.

The Baltic Sea region is an example of the cohabitation of very different and diverse organisations and structures for cross-border, inter-regional and trans-national cooperation. There is a point of view which criticises the over-organisation or unclear organisation structure which is connected with the tendency to mix all EU funding programmes. In the long term, it is argued, parameters are blurred and clear criteria as stipulated by the original INTERREG-Programme, are in danger of being diluted.
Subject-oriented cooperation usually begins in one or two areas. It gradually attracts an increasing number of actors and will sometimes be extended to a horizontal cooperation.

Within the European Union, the specific issues of regions and communities incorporate economy, technology, culture and geography. This leads gradually to the formation of networks through which know-how and experience can be exchanged.

**Fields of activity** are:

- economic development, research, technology, culture, the environment, urban development, employment etc.;
- information technologies which are vital for the development and extension of networks. They provide an instrument to access information directly and to disseminate information.
- cooperation with non-EU countries as an important contribution to bring those countries closer to the EU which will most likely become EU members.

The following *recommendations* are given to ensure the improvement of inter-regional cooperation:

- if possible, a single, jointly instrument for funding and assistance should replace the currently variety and lack of transparency of assistance instruments;
- a uniform fund for inter-regional cooperation should have clearly defined objectives and assistance criteria which differ from cross-border and trans-national cooperation;
- similar to those experiences gained in cross-border cooperation (even if not all areas of life are covered), regional and local actors should develop clear strategies for interregional cooperation for a period of five to ten years. Correspondingly, regions should develop programme ideas for certain subject areas including priorities, criteria and envisaged partner structures. They must provide detailed information on focal points, participating actors, duration of the measure and a realistic assessment of funds required.
- These programme ideas can be developed, e.g.
  - inter-regionally, by two or more regions with the same range of subjects;
by one region which, based on its region-specific SWOT analysis, summarises priority subjects in one programme. However, this programme and provision of funds can only have an impact if one or more regions relate to a subject and enable the development of an inter-regional project;

- all regions must generally be able to participate in inter-regional cooperation assisted by the EU. Only in this way is there a guarantee for transfer of knowledge between wealthy and less developed regions and European wide networks and cooperation with non-EU countries in South and East.

- a phase of pilot projects is conceivable as preparation to enable regional actors to determine these elements and assess their needs;

- small projects for the transfer of experience and know-how should also be supported. In this context the potential gained through twinning between cities should be exploited as it may be a basis for a future and intensive, comprehensive cooperation;

- The influence of numerous external consultants in inter-regional cooperation should decline gradually, as regional and local actors take over their own responsibility for the content of their strategies and projects.
IV. TRANS-NATIONAL COOPERATION

Cooperation between countries has a very long tradition. However, within the framework of INTERREG trans-national cooperation only recently has been assisted. Since 1996 the INTERREG II C Programme has supported three areas with ECU 413 million:

- regional development and trans-national cooperation (c. ECU 121 m);
- regional development and assistance against flooding (c. ECU 148 m);
- regional development and assistance against drought (c. ECU 144 m).

In addition, this form of trans-national cooperation is also assisted by some pilot projects implemented within the framework of Article 10 ERDF.

The cooperation regions submitted by member countries seem balanced with regard to the objective of spatial planning. An exception is the cooperation region “Central European, Adriatic, Danube and South-East European Region” (MADSOE). A further subdivision seems to be sensible here.

In these regional development programmes it also becomes clear that maritime cooperation incorporates a different content than in INTERREG IIA.

Because this action is still very recent and the planned operational programmes / pilot projects have not been approved yet by the Commission, few and limited financial distribution recommendations can be made:

- trans-national cooperation should limit itself to regional development issues and should not grant financial distribution concessions for special subjects;
- in the future subjects must also incorporate more than two countries;
- a joint management and a joint funding instrument of trans-national cooperation must be established for each area. The argument, that legal and administrative obstacles hinder this process, would imply that countries would not be able to participate in joint ventures in the financing of large infrastructure projects etc. in developing countries;
trans-national cooperation projects must not be identical to cross-border projects (currently INTERREG IIA) in terms of content or practical implementation, e.g. they must incorporate more than two countries;

- trans-national measures must improve the conditions of regional development policy for cross-border cooperation.
V. **FINAL REMARKS: SUBSIDIARITY AND PARTNERSHIP**

The principles of partnership and subsidiarity must be observed in all cooperation forms.

Recommendations are:

- in all cases of cooperation, particularly in cross-border cooperation: first a vertical (European, national, regional and local) partnership must be developed followed by a horizontal (cross-border, inter-regional, trans-national) partnership;
- the EU is responsible for the approval of programmes, the financial framework and the external evaluation but not for the approval of individual projects;
- during the preparation and implementation of cross-border, inter-regional and trans-national strategies, national programmes and objectives of member countries or associated countries are to be considered;
- regional and local partners are responsible for cross-border or inter-regional cooperation (preparation of programmes, management, selection and implementation of projects) considering the principle of partnership;
- the governmental level is responsible for the implementation of trans-national cooperation;
- through the principles of partnership and subsidiarity the relevant interests are considered and decisions agreed unanimously in the management and steering committees (European, national, regional and local);
- the social partners participate in the development of programmes as well as in the implementation of projects. However, their membership in management and steering committees does not seem to be prudent since this raises automatically the question of legal and financial liability towards national authorities or the EU. Furthermore, if they were to be included all other interest groups must be included too.

Crucial for the success of a cooperation are four basic elements:

- policies which reflect the interests of citizens
- inclusion of all political levels (European, national, communal, regional and local);
- inclusion of all authorities, organisations, associations etc. on both sides of the border or in the regions due to the requirements of individual forms of cooperation;
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- sustainable success is only possible through joint organisation and own funding.

Success depends not so much on the regulation of legal issues but in particular on the political will at all levels. In future, the following criteria must have priority in all forms of cooperation:
- quality of the prepared programme;
- genuine cross-border, inter-regional or trans-national character;
- effects on the economic structure, location or labour market.

All EU programmes bind national, regional and local funds through co-financing. They further restrict therefore - particularly in view of the tight budgets of national, regional and local authorities - the political scope of activity “at home” and that within and beyond EU borders. We can therefore assume that in future activities will only be accepted nationally, regionally and locally, if they correspond with the respective priorities for such measures and therefore will be co-financed.

From 2000 onwards, one can expect important changes to the content of the Structural Funds. This also in view of the fact that then the new EU members will be known and the date of their admission fixed. The following must be considered:
- the number of Community Initiatives must be reduced. There may be the introduction of only one Community Initiative, which incorporates all forms of cooperation beyond borders;
- cross-border cooperation in INTERREG - the most successful cross-border cooperation Community Initiative- has set certain standards. Inter-regional and trans-national cooperation must
  * through the formulation of clear objectives, criteria and integrated multi-annual operational programmes and
  * through the definition of actors, fields of activity, duration of measures and funds create the preconditions which allows further sections to become eligible for assistance according to the same qualitative criteria in cross-border cooperation.
- a sustainable improvement of information and cooperation between all European regions and in all forms of cooperation is necessary in Europe;
cross-border, inter-regional and trans-national platforms must be created (due to different structures and competencies in all countries internal and external of the EU) in which

* joint decisions are made;
* different competencies and structures can be balanced;
* decisions can be implemented in the individual Member States according to national procedures;
* the principles of equal opportunity, partnership and subsidiarity can be realised

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